

Medicare Prescription Drug, Improvement,
and Modernization Act of 2003...

The Discount Drug Card

January 2004

Background...

- The Medicare Prescription Drug Discount Card and Transitional Assistance Program was enacted December 8, 2003.
 - Part of the overall drug legislation
 - Not designed to be a comprehensive benefit
- The card is designed to provide immediate relief to seniors and disabled people covered under Medicare to reduce their prescription drug costs.
- It is a temporary program designed to provide help until the Medicare drug benefit is implemented in January 2006.
- Beneficiaries without prescription drug insurance would normally pay about \$1400 in drug costs
 - For those qualifying, \$600 assistance will be very helpful


More background...

- Card will be available this spring.
 - Enrollment will begin in May
 - Discounts and transitional assistance available June
- It will not be a Medicare card...but a Medicare “approved” card.
- 2 elements:
 - Basic discount card
 - \$600 transitional assistance program
 - Low income beneficiaries only
- Card is NOT intended to be a drug benefit.
 - Seniors are confused

Who is eligible?

- Eligible individuals are beneficiaries enrolled under Part A or Part B of Medicare
- Not eligible if enrolled in a Medicaid program with drug coverage including 1115 waivers (exception: Medically needy while in spend down)
- Enrollment fee is no more than \$30 per year
- Some individuals will be eligible to receive \$600 transitional assistance
 - Details on the next slide
- Federal government pays enrollment fee for low income transitional assistance beneficiaries
- States may also pay for some or all of the fee
 - No federal match

What is transitional assistance?

 \$600

- Medicare will provide up to \$600 in 2004 and \$600 in 2005 to Medicare beneficiaries whose incomes are not more than 135% of poverty and do not have existing drug coverage from other sources
 - \$12,123 for single
 - \$16,362 for married
- Funds are provided through the Medicare prescription drug card
- Cannot qualify for \$600 if you get outpatient drug coverage through Medicaid, TRICARE, group health insurance, or FEHBP.
- Coinsurance
 - Beneficiaries at or below 100% FPL pay 5%
 - Beneficiaries above 100% FPL pay 10%
- Medicare will pay the enrollment fee for seniors that qualify for the \$600 each year

Changing Cards

- Beneficiaries can only join one approved program at a time each year
 - May change if special circumstances
- Enrollment period for 2005 will be between November 15 and December 31, 2004.
 - May change cards during a special election period if circumstances change (e.g., change in residence, enrollment/ dis-enrollment in M+C)

Pro Rating the \$600

- 2004: Can enroll any time and get the full \$600
- 2005: \$600 will be prorated based on when you enroll
 - Amount will be reduced by \$150 in every quarter starting in April 2005

Enrollment Process

- Basic Drug Card
 - Beneficiary selects the card that is the best fit for his or her needs
 - Submit enrollment form
- \$600 Assistance
 - Submit enrollment form
 - Individuals will self certify income, family size, and drug coverage (if applying for \$600 assistance)
 - Eligibility determination by Secretary
 - Enrollment process done through sponsors
 - CMS will verify the enrollment information and notify sponsor of eligibility

Enrollment Process continued

- \$600 Assistance, continued
 - Verification methods developed by Secretary
 - Data from Medicaid, SSA, or IRS may be used
 - Once determined eligible, you are “in” for the 18 months
 - Beneficiaries who are eligible can begin receiving discounts and using their \$600 as early as the first day of the following month
 - Individuals found to be ineligible can request a reconsideration

Covered Drugs

- Nearly all prescription drugs will be covered including ones most commonly used
- Sponsors will obtain rebates and discounts on drugs
 - Share of these rebates will be passed through to enrollees
- Syringes and medical supplies associated with insulin are included
- May also offer discounts on over the counter (non prescription drugs)
 - Cannot use the \$600 on these drugs
- Prices can change weekly
 - CMS will monitor for bait and switch tactics
- Many card sponsors may use formularies to get better prices
 - If formulary: sponsor must offer discounts on drugs commonly needed in more than 200 classes of drugs
 - Issue is how many choices within the class
 - Even if a drug is not on a sponsor's formulary, the \$600 can still be used to purchase the prescription drug

What About Managed Care and State Drug Programs?

- Many states have existing prescription drug assistance programs
- States could wrap their existing programs into the Medicare card
 - Encourage privately run programs to apply for endorsement
 - States can encourage beneficiaries to use \$600 first
- Medicare managed care plans may offer exclusive card programs that limit enrollment to their own members
 - May wrap transitional assistance around existing benefits
 - May apply \$600 toward co-payment and deductibles
 - Cannot require use of \$600 first

Card Sponsors

- Private sector organizations will apply to Medicare to be card sponsors
- The Medicare plan calls for private card sponsors (such as Pharmacy Benefit Management Companies, insurers, wholesalers, Medicare +Choice) to develop cards and make them available to seniors.
 - Applicant conference December 18th and 19th
- Programs that meet standards set by Medicare will qualify for an endorsement
- There will be a choice of at least 2 approved cards in every state
- Standard enrollment form
- Each sponsor will offer their own prices and program
 - Sponsors may provide a mail order option, but may not require enrollees to use mail order service

Required Sponsor Qualifications

- Relevant organizational experience
- Financially stable and reputable
- Meeting service area and pharmacy network standards
 - A state is the smallest service area
 - Urban: 90% of beneficiaries within 2 miles of participating pharmacy
 - Suburban: 90% within 5 miles
 - Rural: 70% within 15 miles
- Administering transitional assistance
- Providing negotiated prices
- Managing eligibility and enrollment requirements
- Customer service
- Grievance process
- Comply with HIPAA provisions

Oversight and Reporting

- The Medicare program will operate a grievance and tracking complaint system, including intake from 1-800 MEDICARE
 - Identify trends that indicate poor card sponsor performance including:
 - Savings garnered and shared
 - Management of the \$600
 - Enrollment and dis-enrollment
 - Marketing
 - Pharmacy access
 - Customer service
 - Confidentiality
- CMS and OIG may impose intermediate sanctions, civil monetary penalties, or terminate a contract based on a sponsor's failure to meet the requirements or standards set by Medicare.

Core Messages...

- We want seniors to know that **help is available** in paying for prescription drugs.
- There is a **new** Medicare approved drug discount card program
- To find out more call 1-800 MEDICARE
- Some seniors will even be eligible to receive \$600 toward the cost of their drugs
 - Critical to reach these individuals
- Medicare can help you **compare the cost of drugs** across all sorts of drug card programs
- We want to help seniors better understand private sector drug procurement methods (brands, generics, formularies) before the 2006 benefit

Education Efforts

- Beneficiary

- Medicare will provide basic program information and enrollment details approximately 30 days prior to the first enrollment date
 - Direct mail letter in the spring
 - Price comparison website will allow beneficiaries to compare prices, fees, and other card features (www.medicare.gov)
 - 1-800 MEDICARE will also be used to provide program information
 - Dedicated brochure about the program
 - Ad campaign
 - Work with partner groups

Price comparison

- Data on all drug card programs / prices will be included in the PDAP website
- Seniors can use the website directly, or call the 1-800 MEDICARE line for assistance
- Operators will be able to use the website to navigate through the programs and provide information to seniors
 - Prices displayed will be a drug's maximum price for an approved sponsor's service area
- Seniors must determine which card sponsor offers the best combination of drugs and prices
- It will be challenging for seniors to sort through the programs and pricing information
- Education is critical:
 - To beneficiaries and all other healthcare partners

Providers

- Physicians
 - Message: Refer patients to 1-800 MEDICARE
 - Comprehensive outreach: Journal Ad, articles, posters, direct mail, website
- Pharmacists
 - Message: More counseling; we recognize the important role that they play; awareness of mail order concerns
 - Journal ads, posters, direct mail, brochure
- Contractors
 - Message: awareness
 - Website, FAQs, overview of program

Note...

- In some instances, the best program for a given set of circumstances might not be the Medicare drug card.
- The best program might be a manufacturer free drug program, or a state (\$10 per drug) type program
- These options will also be publicized on the web and may or may not be “Medicare approved” options.
 - Can use the programs in combination

Conclusion

- The drug card is an interim step
- It will provide savings and \$600 to low income seniors
- The comprehensive benefit starts in 2006
- Seniors will get drug card information by calling 1-800 MEDICARE or going to the website
- They will be able to compare actual dollar prices across different cards
- Clear, concise information is critical
- No senior should be choosing not to fill a prescription due to cost concerns
- It is critical that we reach low income seniors with messages about this program and the availability of the \$600 transitional assistance